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**TWENTY-NINTH
ANNUAL
REPORT**

TO THE SHAREHOLDERS OF TRANSCONTINENTAL RESOURCES LIMITED.

The audited financial statements of your Company for the year ended December 31st, 1969, are submitted herewith for your consideration.

During the past year your Company acquired the following additional diversified holdings:

1. OIL PRODUCTION:

An additional interest in the Hondu Mitsue Oil Field.
(Cost - \$70,570).

2. SHARES FOR INVESTMENT PURPOSES:

15,200 shares of Coast Copper Mines Ltd. (the largest acquisition).
(Cost - \$76,385).

Increased shareholding in Giant Mascot Mines Ltd.
(Currently holding 50,000 shares at a cost of \$104,887).

3. REAL ESTATE:

A Commercial Building and 2 adjoining lots located in the Prince Rupert business district.
(Cost - \$85,000).

At December 31st last year your Company had \$450,000 invested in short term deposits which is available for the purpose of, or participation in, worthwhile ventures.

TRANSCONTINENTAL PETROLEUMS LIMITED:

During the year oil income increased 50% and a substantial income is projected from your Company's oil interests in the Hondu Mitsue Oil Field in Alberta. Your Company has in excess of \$250,000 invested in this producing field.

NORTHBELT YELLOWKNIFE MINES LTD.:

Expenditures by Giant Yellowknife Mines Ltd. during the past year on the southern part of the 117-claim gold prospect of Northbelt Yellowknife Mines Ltd. amounted to \$59,048, bringing the total to date to \$213,512.

Over 8,000 feet of diamond drilling was done, and four schist intersections with mineralization were encountered. Further work is planned during 1970. Your Company has 297,582 shares of Northbelt Yellowknife Mines Ltd.

LYNX YELLOWKNIFE GOLD MINES LIMITED:

The claims in the Yellowknife area are adjoining the properties of Northbelt Yellowknife Mines Ltd. where continued exploration is planned for the coming year. There is no program planned for the Lynx property at this time.

BLUE LEDGE COPPER MINES INC.:

Jason Explorers Ltd. (N.P.L.) continued with its program of exploration and development on the properties in Northern California. At year end Jason Explorers retained the right to earn through development 75% of the shares of Blue Ledge Copper Mines Inc.

Application has been made for U.S. Government assistance to finance this venture.

NEW TAKU MINES LIMITED:

During the past year New Taku Mines Limited participated in the Taku Syndicate prospecting venture. Two interesting claim groups were staked for the Syndicate totalling 153 claims and extensions to these groups have been added.

Some further assessment work will be done on the Tulsequah Syndicate antimony claims this coming season.

Several inquiries have been received regarding leasing the Taku mill since Cominco terminated its lease early in January.

It would appear the inquiries stem from companies interested in re-opening Cominco's Tulsequah Chief Mine which was closed in 1957 due to poor metal prices.

EXPLORATION:

The Taku Syndicate exploration program uncovered two interesting claim groups during the past year and have outlined an extensive program for the second year.

Your Company's 20% interest is in addition to the 10% interest of New Taku Mines Limited. The other participants are Home Oil Company Limited (25%), Asbestos Corporation (Explorations) Limited (25%) and United States Smelting, Refining and Mining Company (20%).

The Sheba Syndicate is a newly formed exploration syndicate of three way equal participation between Home Oil Company Limited, United States Smelting, Refining and Mining Company and your Company.

CONCLUSION:

Your Company's exploration expenditures are substantial, yet are financed from income, thereby retaining cash reserves for varied investments.

Your Directors concur that your Company with increasing income will proportionately increase exploration participation in other well managed syndicates.

Submitted on behalf of the Board of Directors,

F. B. KILSHAW,
President.

May 26, 1970

TRANSCONTINENTAL RESOURCES LIMITED

and subsidiary company, Transcontinental Petroleum Limited

CONSOLIDATED STATEMENT OF INCOME

Year ended December 31, 1969 (with comparative figures for 1968)

Revenue	1969	1968
Oil production, Net	\$ 23,419	\$ 12,576
Gain on securities (including in 1968 \$456,082 on sale of subsidiary company)	6,540	451,794
Interest	40,723	14,778
Dividends	9,833	1,780
Miscellaneous	65	—
	<u>80,580</u>	<u>480,928</u>
Deduct		
Administrative and general expenses	23,582	22,044
Development expenditures written off	10,137	11,503
	<u>33,719</u>	<u>33,547</u>
Net income before income taxes	46,861	447,381
Income taxes	6,300	—
Income before extraordinary item	40,561	447,381
Add income tax reduction resulting from application of prior years' losses	5,000	—
Net income for the year	<u>\$ 45,561</u>	<u>\$ 447,381</u>

CONSOLIDATED STATEMENT OF DEFICIT

Year ended December 31, 1969 (with comparative figures for 1968)

	1969	1968
Balance at beginning of year	\$ 782,933	\$1,230,314
Net income for the year	45,561	447,381
Balance at end of year	<u>\$ 737,372</u>	<u>\$ 782,933</u>

TRANSCONTINENTAL

(Incorporated under the laws of the Province of British Columbia)

and subsidiary company, Transcontinental Petroleum Ltd.

CONSOLIDATED BALANCE SHEET

(with comparative figures for 1968)

ASSETS

Current Assets

	1969	1968
Cash, including short-term deposit	\$ 489,671	\$ 781,956
Accounts and accrued interest receivable	6,126	19,782
	<u>495,797</u>	<u>801,738</u>

Shares, Advances and Other Interests

at cost less amounts written off (notes 1 and 2)	1,066,911	771,957
	<u>\$1,562,708</u>	<u>\$1,573,695</u>

AUDITORS' REPORT TO THE SHAREHOLDERS

We have examined the consolidated balance sheet of Transcontinental Petroleum Limited, as at December 31, 1969, and the source and application of funds for the year then ended. We have also examined the accounting procedures and such tests of accounting records and other circumstances.

In our opinion these consolidated financial statements as at December 31, 1969 and the results of their operations and financial position for the year then ended, in accordance with generally accepted accounting principles, are correct.

Vancouver, B.C.
May 8, 1970

RESOURCES LIMITED

(Incorporated in the laws of Ontario)

Continental Petroleum Limited

STATEMENT OF FINANCIAL POSITION — DECEMBER 31, 1969

(As at December 31, 1968)

LIABILITIES

Current Liabilities

Bank overdraft secured by short-term deposit	—	\$ 27,871
Accounts payable and accrued liabilities	\$ 52,183	65,428
Income taxes payable	1,300	—
Advances from associated companies	—	16,732
	<u>53,483</u>	<u>110,031</u>

SHAREHOLDERS' EQUITY

Capital Stock

Authorized — 6,000,000 Shares of no par value

Issued — 4,733,759 Shares	2,246,597	2,246,597
Deficit	737,372	782,933

<u>1,509,225</u>	<u>1,463,664</u>
<u>\$1,562,708</u>	<u>\$1,573,695</u>

Approved by the Board

F. B. KILSHAW, Director

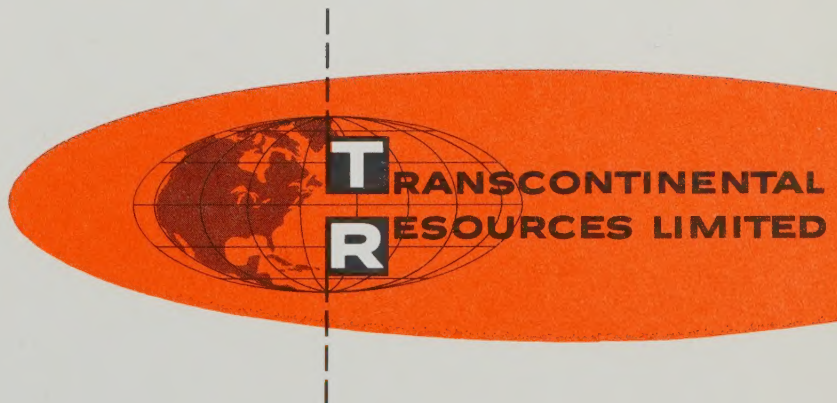
F. W. SCHROEDER, Director

TRANSCONTINENTAL RESOURCES LIMITED

Continental Resources Limited and subsidiary company,
and the consolidated statements of income, deficit and
examination included a general review of the accounting
supporting evidence as we considered necessary in the cir-

present fairly the financial position of the companies as at
source and application of their funds for the year then
principles applied on a basis consistent with that of the pre-

THORNE, GUNN, HELLIWELL & CHRISTENSON
Chartered Accountants.



CONSOLIDATED STATEMENT OF SOURCE AND APPLICATION OF FUNDS

Year ended December 31, 1969 (with comparative figures for 1968)

<i>Source of Funds</i>	<u>1969</u>	<u>1968</u>
Operations		
Net income for the year	\$ 45,561	\$ 447,381
Items not involving a current outlay of funds	7,933	11,837
	<u>53,494</u>	<u>459,218</u>
Sale of shares less gains or losses included in income		
Subsidiary companies	—	361,901
Other companies	92,283	19,411
Reduction in advances		
Subsidiary companies	—	37,181
Associated and other mining companies	25,515	15,406
	<u>171,292</u>	<u>893,117</u>
<i>Application of Funds</i>		
Expenditures for		
Interests in oil leases and gas plant and related facilities	75,310	2,506
Sundry participation	27,245	—
Land and building	85,108	—
Purchase of shares	231,444	171,453
Advances to		
Subsidiary companies	1,578	2,174
Associated and other mining companies	—	17,202
	<u>420,685</u>	<u>193,335</u>
Increase (decrease) in working capital	(249,393)	699,782
Working capital (deficiency) at beginning of year	691,707	(8,075)
Working capital at end of year	<u>\$ 442,314</u>	<u>\$ 691,707</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year ended December 31, 1969

1. SHARES, ADVANCES AND OTHER INTERESTS	1969	1968
Marketable securities (quoted market value 1969—\$483,120; 1968—\$375,142)	\$ 604,334	\$ 464,717
Unlisted shares	309,090	309,546
Advances to associated and other mining companies	2,712	28,227
Subsidiary companies (note 2)		
Advances	29,750	28,172
Shares	56,625	56,625
Interest in oil leases and gas plant		
Leases in Lesser Slave Lake area including development expenditures at cost, less amounts written off	243,129	179,670
Gas plant and related facilities	3,918	—
Sundry participation	27,245	—
Land and building	85,108	—
	<u>1,361,911</u>	<u>1,066,957</u>
Less allowance for decline in value	295,000	295,000
	<u>\$1,066,911</u>	<u>\$ 771,957</u>

2. SUBSIDIARY COMPANIES

Consolidated financial statements have not been prepared to include the accounts of the subsidiary companies other than Transcontinental Petroleum Limited because

(a) Blue Ledge Copper Mines

All of its expenditures have been deferred and its accounts show neither profit nor loss from incorporation to date.

(b) Wholly-owned dormant subsidiary companies

These companies are carried at nominal value.

3. OTHER STATUTORY INFORMATION

Direct remuneration of the company's directors and senior officers (including the five highest paid employees) as required by The Corporations Act amounted to \$4,200 (1968—\$4,200).

Directors:

W. B. MILNER
R. H. TUPPER, Q.C.
L. G. WHITE
F. W. SCHROEDER
W. W. DENNIS
D. E. MAGEE
J. M. PIERCE
F. B. KILSHAW
J. R. MILNER

Officers:

F. B. KILSHAW, President
J. R. MILNER, Vice-President
F. W. SCHROEDER, Treasurer
D. E. MAGEE, Secretary

Offices:

Suite 401, 1033 Davie Street
Vancouver 5, British Columbia
Suite 301,
394 Bay Street,
Toronto 1, Ontario

Listed:

VANCOUVER STOCK EXCHANGE

Auditors:

THORNE, GUNN, HELLIWELL & CHRISTENSON
Toronto Dominion Centre
Toronto 3, Ontario

Transfer Agent and Registrar:

CROWN TRUST COMPANY
302 Bay Street, Toronto, Ontario
and
455 Howe Street, Vancouver, B.C.



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**INTERIM FINANCIAL
STATEMENTS**

AT JUNE 30, 1969

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**TRANSCONTINENTAL
RESOURCES LIMITED**

CONSOLIDATED STATEMENT OF INCOME

January 1 to June 30, 1969

		December 31 1968 for comparison
<i>Revenue</i>		
Oil production net	\$ 7,232	\$ 5,226
Gain on securities	14,951	4,221
Interest	21,626	—
Dividends	2,288	1,100
	<u>46,097</u>	<u>10,547</u>
<i>Deduct</i>		
Administrative and general expenses	12,337	6,672
Net income for the period	<u>\$ 33,760</u>	<u>\$ 3,875</u>

CONSOLIDATED STATEMENT OF SOURCE AND APPLICATION OF FUNDS

January 1 to June 30, 1969

<i>Source of Funds</i>		
Net income	\$ 33,760	
Decrease in working capital ..	96,602	
Total	<u>130,362</u>	
<i>Application of Funds</i>		
Purchase of securities	\$ 42,131	
Purchase of oil leases	74,086	
Exploration expenditures	14,145	
Total	<u>130,362</u>	

CONSOLIDATED BALANCE SHEET JUNE 30, 1969

ASSETS		December 31 1968 for comparison
<i>Current</i>		
Cash	\$ 626,834	\$ 14,701
Accounts receivable and accrued interest	6,140	1,317
	<u>632,974</u>	<u>16,018</u>
<i>Interest in Associated and Other Companies</i>		
at cost less amounts written off	634,418	830,257
<i>Oil Leases</i>		
Interest in oil leases in Lesser Slave Lake area including development expenditures at cost, less amounts writ- ten off	253,756	190,254
Exploration expenditures	14,145	—
	<u>\$1,535,293</u>	<u>\$1,036,529</u>

LIABILITIES		
<i>Current</i>		
Accounts payable	\$ 401	\$ 17,504
Due to Associated Companies ..	37,468	—
	<u>37,869</u>	<u>17,504</u>
<i>Capital Stock</i>		
Authorized—6,000,000 shares of no par value		
Issued—4,733,759	2,246,597	2,246,597
Deduct deficit	749,173	1,227,572
	<u>\$1,535,293</u>	<u>\$1,032,654</u>